



RBA·
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO· 4
AGENDA DATE: 2 14 08
PAGE 1 OF 2

SUBJECT Approve the negotiation and execution of a loan to FOUNDATION COMMUNITIES, INC , under the Rental Housing Development Assistance Program in an amount not to exceed \$1,516,850, in compliance with applicable affordable housing general obligation bond financing requirements and performance goals, to assist in the renovation and conversion of the property located at 1212 West Ben White Boulevard into a 100-unit single-room-occupancy supportive rental housing facility for homeless and low-income individuals

AMOUNT & SOURCE OF FUNDING. Funding is available in the Fiscal Year 2007-2008 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program using proceeds from General Obligation Affordable Housing Bonds

FISCAL NOTE There is no unanticipated fiscal impact A fiscal note is not required

REQUESTING
DEPARTMENT· Austin Housing Finance Corporation

DIRECTOR'S
AUTHORIZATION·_____

FOR MORE INFORMATION CONTACT· Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

PRIOR COUNCIL ACTION Zoning was approved on April 27, 2006 by Ordinance No 20060427-047

PRIOR BOARD ACTION: The Austin Housing Finance Corporation Board authorized \$1,118,309 on June 8, 2006 by AHFC Motion No 20060608-AHFC003, and \$881,691 on January 11, 2007 by AHFC Motion No 20070111-AHFC002

Approval of funding will facilitate the completion of the renovation and conversion of the former Ramada Inn at 1212 West Ben White Boulevard into a 100-unit Single-Room-Occupancy (SRO) supportive rental housing facility for homeless and low-income individuals. The facility, known as Skyline Terrace, will be managed and operated by Foundation Communities, Inc with coordinated services from local agencies and organizations. Skyline Terrace will serve individuals with yearly incomes not to exceed 50% of the Austin area's Median Family Income (MFI-currently \$24,900 per year for a one-person household) at monthly rents of approximately \$320 per unit, or an amount not to exceed 30% of the resident's monthly income. As with other SRO properties operated by Foundation Communities, Inc most residents will likely have yearly incomes of no more than 30% of MFI (currently \$14,950 per year for a one-person household)

The funding requested will be used to retire interim financing and defray increased construction costs of the partnership due to changes in the project's initial scope. Foundation Communities, Inc. will secure the loan by collaterally assigning their partnership interest in the limited partnership to Austin Housing Finance Corporation (AHFC). The partnership previously received \$2,000,000 in Rental Housing Development Assistance (RHDA) program funding that assisted in the acquisition of the property and initial renovation activities.

The request for funding responded to a Notice of Funding Availability under the RHDA program for Affordable Housing General Obligation (GO) Bond funding. The Housing Bond Review Committee reviewed the funding application and concurs with the staff recommendation to approve funding. In accordance with RHDA GO Bond Program Guidelines, the units are required to remain affordable for 40 years. The project is also subject to S M A R T Housing™ standards and applicable environmental review and fund release requirements.

Following Board approval, an RHDA program loan will be negotiated and executed with Foundation Communities, Inc. in an amount not to exceed \$1,516,850 for a term of 40 years at zero percent interest, or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the 40-year period contingent upon compliance with the loan agreement. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
TDHCA LIHTCs	\$ 3,966,144	Predevelopment/holding	\$ 271,312
TDHCA HOME CHDO	1,450,000	Acquisition	4,400,000
Federal Home Loan Bank-SF	750,000	Hard construction	3,655,958
Neighborhood Works America	600,000	Soft/carrying costs	410,935
Enterprise Foundation	50,000	Replacement reserves	670,000
Neighborhood Housing Services America	150	Contingency/other	461,939
Foundations/contributions/donations	437,000	Developer fee	<u>900,000</u>
RHDA (previous funding)	2,000,000	Total	\$10,770,144
RHDA (proposed funding)	<u>1,516,850</u>		
Total	\$10,770,144		

Performance measures associated with the project are as follows:

- Develop 100 SRO units affordable for homeless and low-income individuals
- Ensure a minimum of 10 units are made accessible for persons with mobility disabilities, and two units for persons with hearing and vision disabilities
- Complete the project in accordance with applicable S M A R T Housing™ standards

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984 and is certified by the City of Austin as a Community Housing Development Organization (CHDO). Since 1984, the organization has developed more than 1,300 units of affordable rental housing for low-income households in Austin. With the completion of Skyline Terrace, Foundation Communities, Inc. or its affiliates will own three SRO facilities, a total

of 340 units, of supportive rental housing for homeless and low-income individuals in Austin. The AHFC is a major investor in all three communities.

The requested funding is available in the Fiscal Year 2007-2008 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and AHFC's strategy to provide assistance through below market-rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs. The funding is made available from the City's General Obligation Affordable Housing Bonds and will be issued by taxable bonds.